FRANCHISE/PRIVATE LABEL AGREEMENT

This Agreement is made as of the 1st day of April, 1996, between R. J. REYNOLDS TOBACCO COMPANY, a New Jersey corporation doing business as Forsyth Tobacco Products ("RJR") and AMERADA HESS CORPORATION, a Delaware corporation ("Customer" or "Hess").

The parties agree as follows:

1. RJR shall sell to Customer's Company-Operated Stores and qualified wholesalers designated in writing by such stores and RJR ("Designated Wholesalers") cigarettes bearing the "SIGNATURE" trademark or designation (the "Private Label Product"). A "qualified" wholesaler shall be a wholesaler which is a direct purchasing customer of R. J. Reynolds Tobacco Company.

2. The Private Label Product will be sold by RJR to Customer's Company-Operated Stores or Designated Wholesalers in cases containing 60 or 30 cartons per case (10 packs per carton, 20 cigarettes per pack) and in the following standard soft pack brand styles:

Full Flavor Filter 85's
Full Flavor Filter 100's
Light Filter 85's
Light Filter 100's
Ultra Light Filter 85's
Ultra Light Filter 100's
Light Filter Menthol 85's
Light Filter Menthol 100's
Full Flavor Menthol 85's
Full Flavor Menthol 100's

Additional brand styles may be produced as mutually agreed by the parties.

3. The design, copy and coloring of pack and carton packaging for the Private Label Product have been developed by RJR and approved by Customer.

Source: https://www.industrydocuments.ucsf.edu/docs/rtky0000

4. Customer's Company-Operated Stores will purchase from RJR or Designated Wholesalers such quantities of the Private Label Product as shall satisfy such store's requirements for resale during the term of this Agreement. Every Customer Company-Operated retail outlet which carries cigarettes shall maintain an inventory of the Private Label Product. Such stores will feature and promote the Private Label Product as their primary cigarette in the lowest price category and will provide it with preferred merchandising space and locations as compared with other products in the low price category. Customer also agrees as a Total Category Partner that it will not disadvantage RJR in the ongoing display and promotion of its full priced and branded savings products as it relates to other cigarette manufacturers.

5. Except as agreed in Paragraphs 2 and 3, the blends, tar and nicotine levels, filters, tipping, wrapping paper and other materials, design and dimensions and all components and characteristics of the Private Label Product and its packaging will be as determined by RJR from time to time.

6. RJR may, in its sole discretion, sell the Private Label Product to other accounts, but it will not ship the Private Label Product to account locations in the states of Connecticut, Georgia, Florida, Massachusetts, New Jersey, New York, Pennsylvania, Rhode Island, South Carolina and Virginia, with the exception of WAM members. (See attached Addendum re. WAM.) Customer will not ship the Private Label Product to locations outside the states referenced above. Customer agrees and acknowledges (a) that it does not have and will not acquire by virtue of this Agreement and activities contemplated by it, any rights to proprietary information, trade secrets, blends, processes, designs, specifications, or formulas, patents, the "SIGNATURE" trademark or similar designation and copyrights associated with the Private Label Product and its packaging, and (b) that RJR has the right to sell to any person at any time cigarettes having blends and other components and characteristics similar or identical to those

Source: https://www.industrydocuments.ucsf.edu/docs/rtky0000

cigarettes used in the Private Label Product. After this agreement expires or is earlier terminated for any reason, Customer will not purchase, sell or distribute any cigarette bearing the "SIGNATURE" designation or trademark or similar designation, except as may be required for Customer to deplete then existing inventories of the Private Label Product held by Customer and Designated Wholesalers.

7. Customer will not (a) sell or distribute the Private Label Product to any person other than individual consumers, (b) sell or distribute the Private Label Product from any location other than its retail stores in the United States, or (c) purchase, sell or distribute any other cigarette or brand of cigarette which is to be manufactured exclusively for or sold or distributed exclusively to or through Customer or any subsidiary or affiliated (50% or more ownership) company in Customer's area of operations.

8. Each Designated Wholesaler must agree in writing on a form satisfactory to RJR that it will not sell or otherwise distribute the Private Label Product to any person other than Customer. Notwithstanding any other provisions of this Agreement, RJR shall not be required to sell the Private Label Product to any Designated Wholesaler who does not agree and adhere to this condition. Customer shall provide to RJR a copy of each such Designated Wholesaler agreement prior to any sale to the wholesaler. Customer may at any time terminate any wholesaler's status as a Designated Wholesaler by notifying RJR in writing of such termination. After the close of business on the day of receipt of such notice, RJR will not accept any further orders from the terminated wholesaler for the Private Label Product, but RJR will accept and ship orders which were received prior to such time. Upon termination of any wholesaler's status as Designated Wholesaler, Customer shall, without limitation by any other provisions of this agreement, purchase such terminated wholesaler's entire inventory of the Private Label Product. Customer shall indemnify and hold RJR harmless from and against any and all liabilities, claims, causes of action, damages, suits and expenses which may arise out of Customer's termination of any wholesaler's status as a Designated Wholesaler.

Source: https://www.industrydocuments.ucsf.edu/docs/rtky0000

9. This Agreement shall remain in force and effect for a primary term beginning on the date first written above and ending three (3) years from the first invoice date to Customer. Thereafter, this Agreement shall be automatically renewed on the same terms and conditions from year to year unless, at least one hundred twenty (120) days before the end of the primary or any additional one (1) year term, either party gives the other notice in writing that it will not renew this Agreement.

The above notwithstanding, in the event of a material breach of the terms of this Agreement by either party, that is, upon such parties' receipt of written notice of the breach, the non-breaching party may terminate this Agreement if the breach is not covered within a reasonable time.

10. Price, rebates, allowances and other terms and conditions of sale will be determined by RJR from time to time. However, RJR will not increase prices if after any increase pricing will not be competitive with prevailing prices generally available to commercial customers in the U.S. market.

11. If the Agreement is not automatically renewed for an additional one year term as provided in Paragraph 9, Customer grants to RJR the right to examine and match any competitive offer for the sale of private label cigarettes. If RJR elects to match the competitive offer, upon the expiration of this Agreement, Customer will enter into a new agreement with RJR for purchase of an RJR private label product under the terms and conditions of the competitive offer. The right of first refusal shall only apply to competitive offers received by Customer during the term of this Agreement and for a period of one hundred twenty (120) days after the expiration date of this Agreement or any renewals thereof.

12. When this Agreement expires or is terminated for any reason, Customer will, within a reasonable time, purchase such quantities of the Private Label Product from Designated

Source: https://www.industrydocuments.ucsf.edu/docs/rtky0000

Wholesalers as will cause the Private Label Product Inventory of all Designated Wholesalers to be depleted.

13. Excepting only the fact that RJR is manufacturing the Private Label Product for Customer and selling it to Designated Wholesalers, neither party will disclose the provisions of this Agreement to third parties and shall take reasonable steps to maintain the confidentiality of its provisions.

14. This Agreement cannot be assigned and the performance of duties hereunder cannot be delegated, in whole or in part, without the prior written consent of both parties.

15. All notices and communications required or permitted by this Agreement shall be in writing, deemed effective when received, and sent to:

If to Customer:
Amerada Hess Corporation
One Hess Plaza
Woodbridge, New Jersey 07095
Attn.: Stanley J. Benarick

If to RJR:
R. J. Reynolds Tobacco Company
401 North Main Street
Winston-Salem, North Carolina 27102
Attn.: Jim Farmer

16. RJR's indemnity as to its products is attached hereto as Schedule I.

17. This Agreement contains the entire understanding of the parties and may not be changed except by agreement of both parties in writing. Failure of either party to enforce any of the provisions hereof shall not be construed as general relinquishment of

Source: https://www.industrydocuments.ucsf.edu/docs/rtky0000

that or any other provision. This Agreement shall be governed by the laws of the State of North Carolina.

AMERADA HESS CORPORATION

By: _____

Its: Vice President

Date: 6/10/96

R. J. REYNOLDS TOBACCO COMPANY,
d/b/a Forsyth Tobacco Products

By: _____

Its: National Operations Manager

Date: 6/13/96

Source: https://www.industrydocuments.ucsf.edu/docs/rtky0000

WAM is a membership organization whose distributor members undertake to promote products of manufacturers who contract with WAM. Current WAM member distributors are:

Pine State Candy & Tobacco
Minter Weisman, Inc.
C. M. Sledd Wholesale
Axton Candy & Tobacco
Hagmans, Inc.
Cash Wa Distributing
City Wholesale
Southco
Mar Max
City Sales, Inc.
Cooper Booth
A. E. Wease Distributing
Gem State Tobacco
Mountain Services
Peter Dennis Wholesale
Gummer Wholesale

Source: https://www.industrydocuments.ucsf.edu/docs/rtky0000

RJ Reynolds
Tobacco Company

SCHEDULE 1

PRODUCT INDEMNIFICATION AGREEMENT

R. J. REYNOLDS TOBACCO COMPANY ("Reynolds") will indemnify and hold harmless wholesale and retail sellers ("Merchants") of its tobacco products from and against all claims for personal injury and/or property damage arising out of Merchant's sale of Reynolds' products. Reynolds' agreement includes payment of the cost of any settlement or judgment which might be entered against Merchant as a result of any such claim and the payment of all fees and costs in providing for Merchant's defense, including the expense of counsel.

As a condition of this indemnity, Reynolds requires the Merchant to promptly notify it of the existence of the claim and to promptly forward copies of all suit papers to its Law Department at the address specified herein below. Reynolds also requires the Merchant's cooperation in the matter, the right to choose counsel that will defend Merchant, and the right to control such defense or settlement. When Reynolds retains counsel for Merchant, Reynolds will instruct that counsel to keep Merchant informed of the progress of the dispute or litigation in such reasonable detail as Merchant may request.

This indemnification does not apply to claims based in whole or in part upon express or implied warranties for Reynolds' cigarette products that were made by Merchant or others without the approval of Reynolds, nor shall the indemnification apply to claims based upon alteration of, or damage to, the product after the product left the custody and control of Reynolds.

All notices and requests for indemnification shall be promptly sent to:

R. J. Reynolds Tobacco Company
Law Department - Litigation Counsel
Winston-Salem, North Carolina 27102

No other office or department of R. J. Reynolds Tobacco Company is authorized or equipped to accept such notice.

R. J. REYNOLDS TOBACCO COMPANY

51846 4161

"We work for smokers."

Source: https://www.industrydocuments.ucsf.edu/docs/rtky0000

ADDENDUM TO AGREEMENT BETWEEN FORSYTH TOBACCO PRODUCTS and AMERADA HESS CORPORATION

Forsyth Tobacco Products agrees to pay Amerada Hess Corporation a signing bonus in the amount of $50,000 to assist in the initial marketing of the "SIGNATURE" brand. This payment will be made within fifteen (15) working days after "SIGNATURE" distribution is made to all Amerada Hess Corporation retail locations. This bonus was calculated based on Amerada Hess Corporation selling a minimum of 250,000 cartons of "SIGNATURE" during the first year from first shipping day of this Agreement. If Amerada Hess Corporation fails to reach this minimum sales goal, it agrees to repay Forsyth Tobacco Products at the rate of $.20 per carton on the shortfall.

Forsyth Tobacco Products agrees to pay Amerada Hess Corporation $.20 per carton on all cartons sold in excess of 250,000 during the first year from first shipping day of this Agreement. Payment will be made within fifteen (15) working days after final sales have been calculated.

AMERADA HESS CORPORATION

By: _____

Its: Vice President

Date: 6/10/96

R. J. REYNOLDS TOBACCO COMPANY,
d/b/a Forsyth Tobacco Products

By: _____

Its: National Operations Manager

Date: 6/13/96

51846 4162

Source: https://www.industrydocuments.ucsf.edu/docs/rtky0000